2024 AEKYUNG Value-up Plan

December 2024

LOVE & RESPECT

With love & respect as our top priority, AEKYUNG brings happiness to the lives of customers and employees

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2024 AEKYUNG Value-up Plan

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Value-up Highlights

Promote active shareholder return and improve enterprise value with strong growth potential and stable profitability

Key index	Status analysis	Value-up targets for 2027	Plans
Growth	COVID-19 Recovery & Turn-around Revenue, profitability improved	Revenue KRW 1tn + α (Consolidated)	Global/brand expansion Sales channel diversification Secure growth momentum
Profitability	ROE 4.6% ('21) → ROE 10.2% (Sep. '24 LTM) ROE improved	ROE 10% + α (Consolidated)	Beauty business reinforcement Premium product expansion Secure stable profitability
Shareholder return	Dividend Payout Ratio 30% ('23 mid/long-term dividend policy) Consistent dividends since IPO	DPR 35% + α (Standalone)	Strive to gradually improve DPR with high growth and profitability
Market valuation	PBR 1.2x (Sep. '24) Undervalued	PBR 1.5x (Consolidated)	Adequate market valuation by optimizing capital allocations

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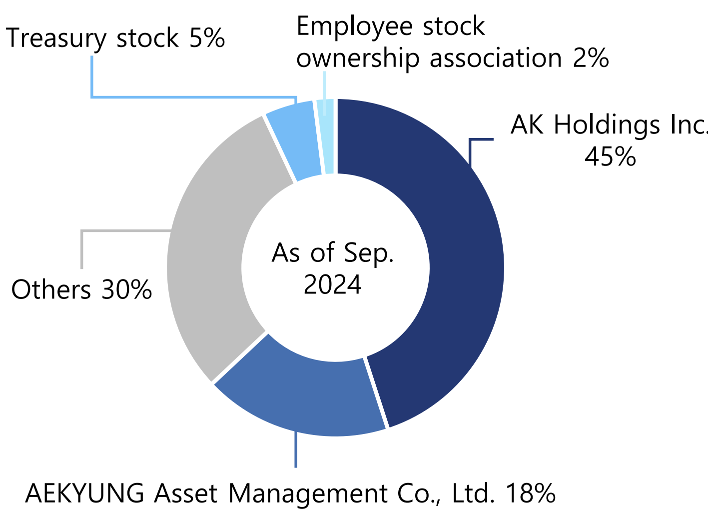
Company Overview

Specialized in manufacturing and sale of Beauty · Home/Personal care with strong profitability and low debt to equity ratio.

Company profile

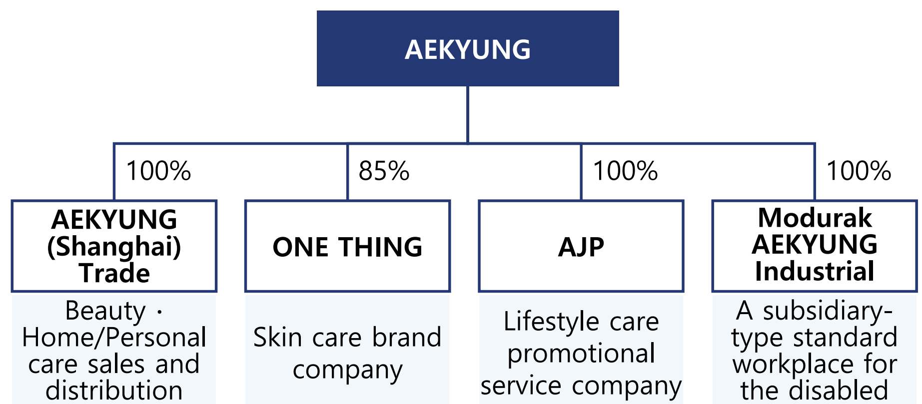
Company Name	**AEKYUNG Industrial Co., Ltd.**
CEO	Chai, Dong-Seok / Kim, Sang-Joon
Date of Establishment	April 25, 1985
HQ Address	188, Yanghwa-ro, Mapo-gu, Seoul, Korea
Business Area	Manufacturing and sales of Beauty · Home/Personal care
Employees	934 (as of Sep. 2024)
Subsidiaries	4 (as of Sep. 2024)
Shareholder Composition	



Financial summary (Consolidated)

KRW **684**bn **Revenue** (Sep. 2024 LTM)	**8.1%** **Operating Margin** (Sep. 2024 LTM)	**5.8%** **Net Income Margin** (Sep. 2024 LTM)
KRW **485**bn **Assets** (As of Sep. 2024)	KRW **90**bn **Liabilities** (As of Sep. 2024)	KRW **395**bn **Equity** (As of Sep. 2024)

Subsidiaries status



History

Continuous growth by launching core brands, striving to become the global lifestyle beauty market leader

Revenue trend and growth history

(Revenue[1], KRW bn)

1985 ~ 1999

"Leading lifestyle beauty market"

1985. 04
Established "AEKYUNG"

1998.12
Launched brand "Dental Clinic 2080"

2000 ~ 2009

"Brand diversification"

2002.05
Launched brand "Kerasys"

2006.09
Launched brand "LUNA"

2010 ~ 2019

"Building a foundation for globalization"

2012.11
Launched brand "AGE20'S"

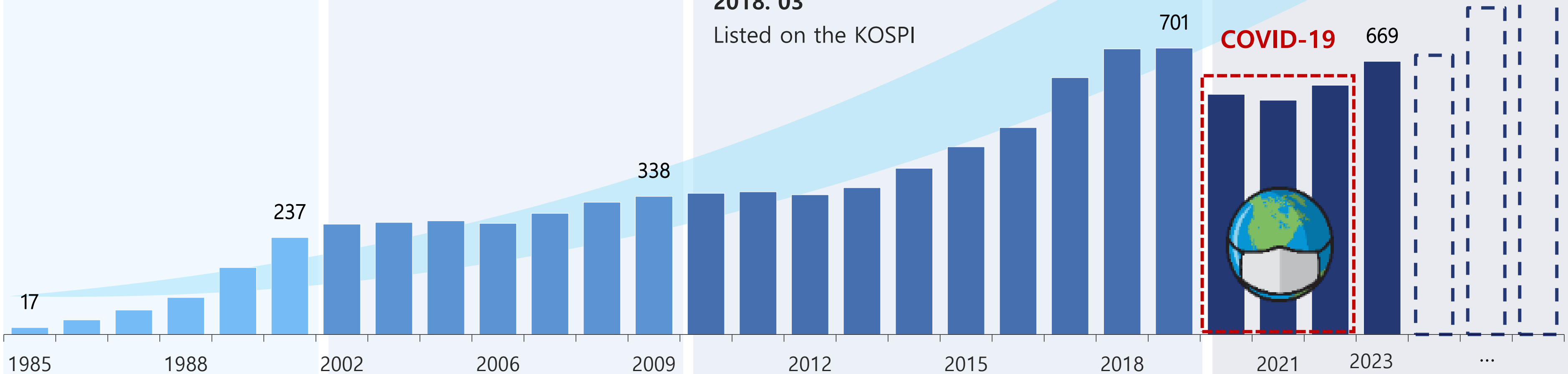
2017.09
Established "AEKYUNG(Shanghai) Trade"

2018. 03
Listed on the KOSPI

2020~

"A leap towards the future"

2022. 05
Acquired "ONE THING"



Note: [1] Standalone revenue for 1985~2016, Consolidated revenue from 2017 and after

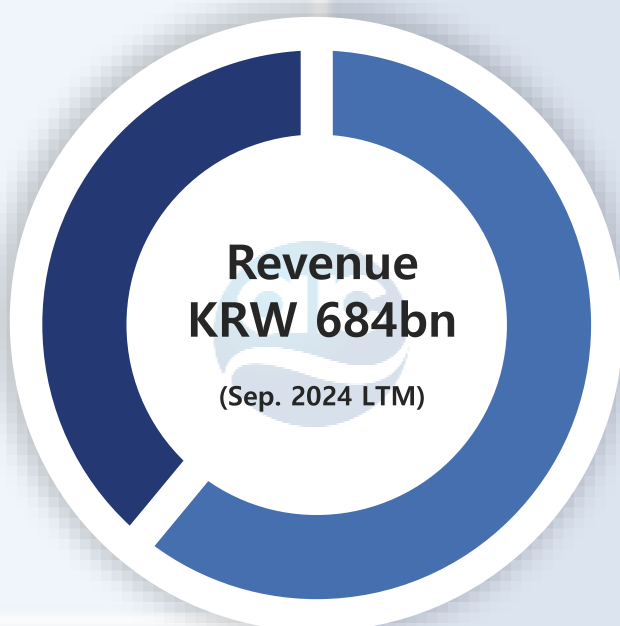
Main Business

Possess a diverse brand portfolio for main business (7 Beauty, 19 Personal care & 15 Home care)

Main brands

Beauty (39%)

AGE20'S
a. solution
LUNA
point&
twoedit
SNEAKY
ONE THING



Home/Personal care (61%)

Personal care | Home care

Hair care

KERASYS
BLACK FORET

Body care

Shower mate
LUV SCENT

Fabric care

LiQ
ZeT
스파크

Kitchen living

순샘
트리오 TRIO
SWAY

Dental care

2080
BYCOLOR

Hygiene

LABCCIN

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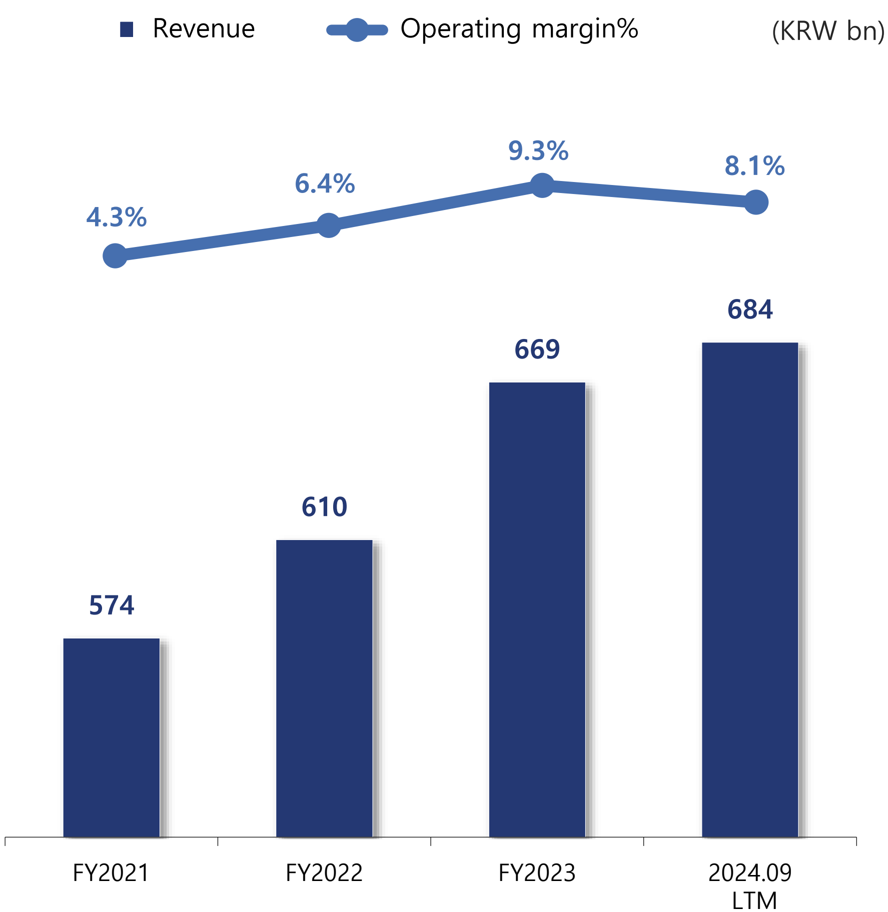
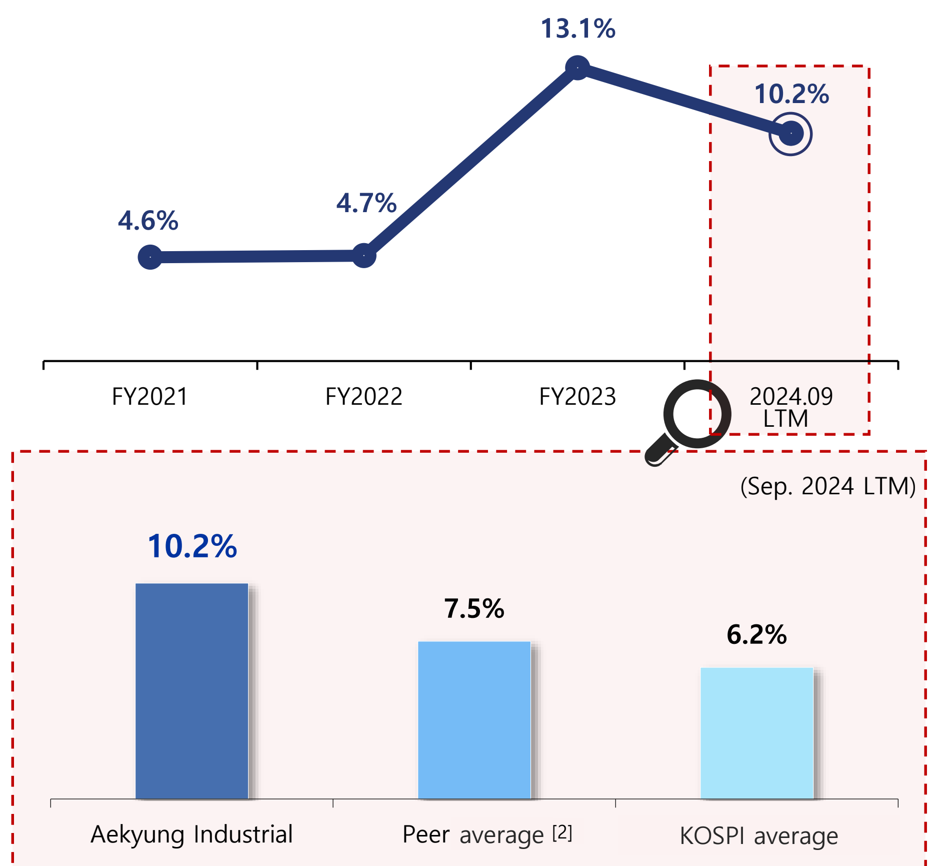
Profitability Analysis

Revenue CAGR 6.6% in recent 3 years, achieving ROE 10.2% which is higher than peer average

Revenue and operating margin trend (Consolidated)



ROE[1] (Consolidated)

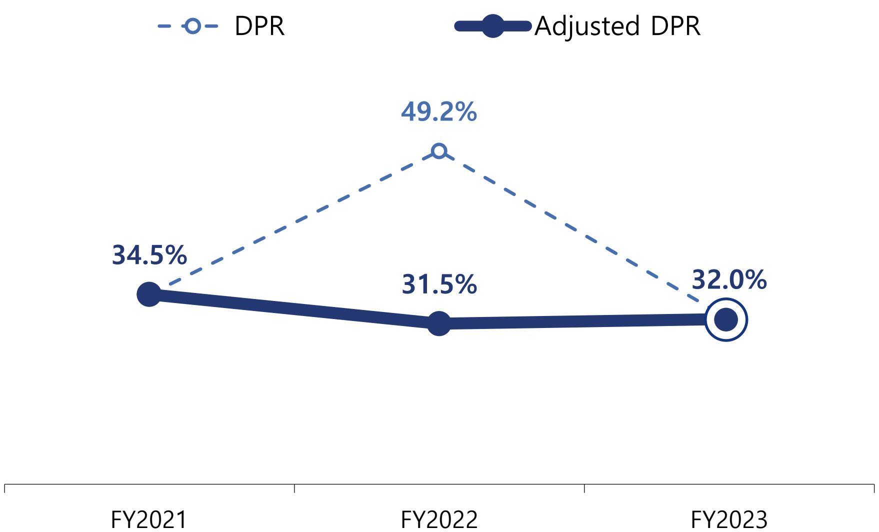


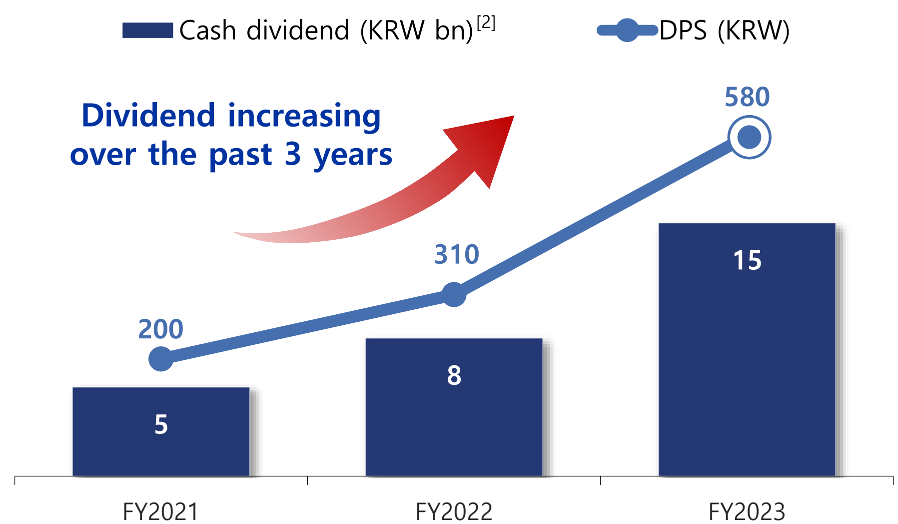
Note: [1] ROE=Net income attributable to controlling interests over the last 4 quarters ÷ The average of beginning and ending equity attributable to controlling interests
[2] KIND consumer staples (household and personal care products) sector, excluding OEM/ODM companies

Shareholder Return Analysis

Enforce active shareholder return since IPO in 2018

Dividend status[1] (Standalone)





- **Maintained dividend distribution** even while suffering from COVID-19 in 2020-2022 to keep the promise with the shareholders
- **Established in 2023 and is executing the mid/long-term target DPR policy to maintain about 30%** to enhance shareholder value and dividend predictability

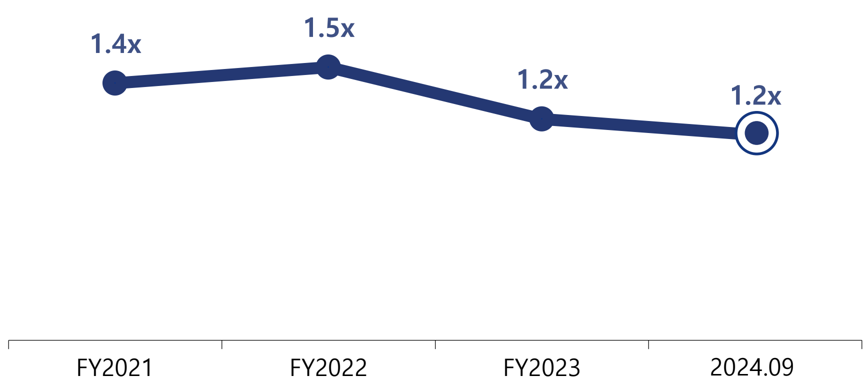
- **Expanded dividends** along with profit growth, **enforcing active shareholder return**
- Enhanced shareholder value through **treasury stock buyback for 2 consecutive years**
- **Strengthened responsible management** through consistent stock purchases by company executives

Note: [1] DPR(Dividend Payout Ratio)=Total cash dividends for the most recent fiscal year ÷ net income for the most recent fiscal year. Adjusted DPR in 2022 excluding one-off expense of KRW 9.3bn
[2] Distributed dividend every year since IPO in 2018

Market Valuation Analysis

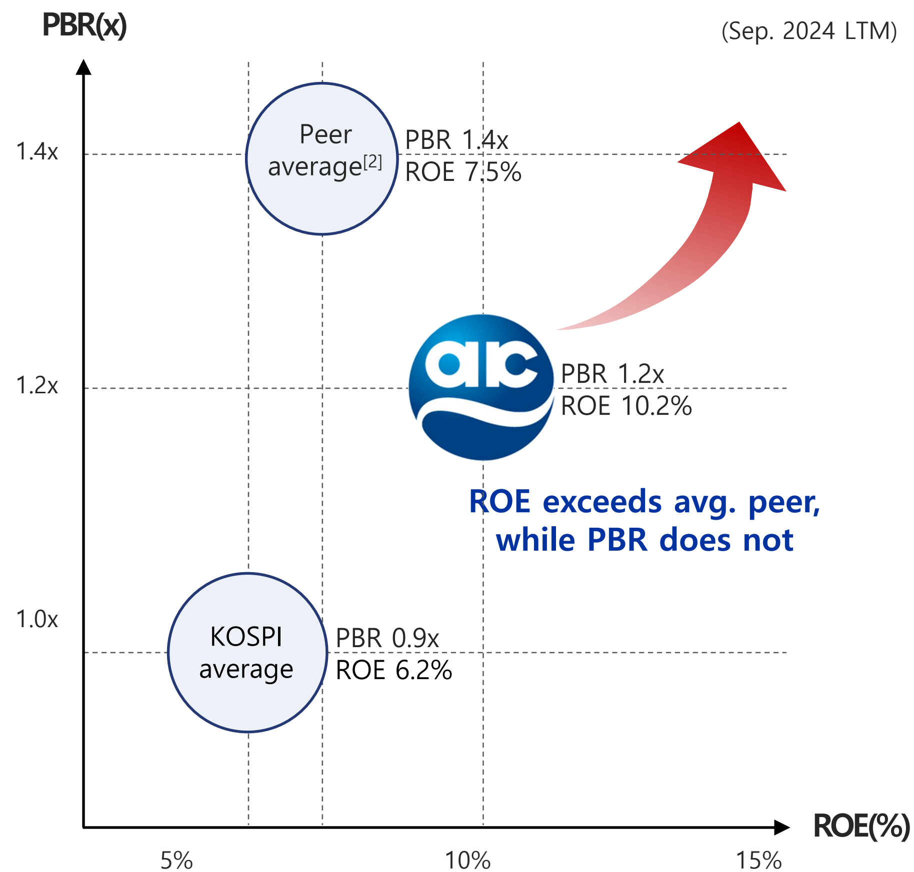
PBR remains relatively low despite higher ROE than peer average

PBR[1] trend (Consolidated)



- **ROE,** the profitability index, **is at 10.2%**, which is above both the peer average 7.5%, and the KOSPI average 6.2% (Sep. 2024 LTM).
- **PBR** is stagnant at **1.2x**, which is below the peer average 1.4x, indicating that the stock is undervalued in the market.

PBR and ROE comparison (Consolidated)



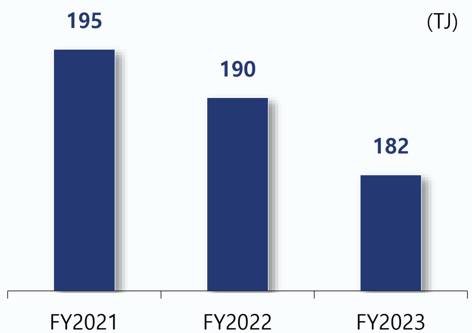
Note: [1] PBR=Stock price at the end of the latest quarter ÷ Book value per share (BPS)
[2] KIND consumer staples (household and personal care products) sector, excluding OEM/ODM companies

ESG Analysis

Enhance corporate sustainability through strengthening ESG management

(E) Proactive response to climate change

- Continuous reduction in non-renewable energy consumption to achieve carbon neutrality by 2050



- Expand the adoption of renewable energy by installing solar power facilities

[Solar power facility of AEKYUNG R&D Center]

(S) Continuous fulfillment of social responsibilities

- Fulfill social responsibility by gradually improving partner companies' accident rates and increasing the rate of risk factor improvements

(Unit: %, KRW bn)	FY2023	FY2024	Status
Partner company accident rate[1]	0.53	0.42	0.11%p decreased
Ratio of Female Employees	33.3	37.9	4.6%p increased
Risk factor Improvement rate[2]	89.4	100	10.6%p improved
Cost of social contribution	17.5	19.1	KRW 1.6bn increased

- Promoting various social contribution activities

[Hope package sharing event]

Cumulative donations amounting to KRW 41bn since 2012

[Cultural sharing event]

Supporting the social participation of marginalized group

(G) Improve board fairness and transparency

- Established an ESG committee under the Board in 2023 to strengthen accountability in social and environmental areas

BOD

[Committees under BOD]

- Audit committee
- Internal transaction committee
- Independent directors nomination committee
- **ESG committee**

[Formation and operation of the ESG committee]

- Consist of 3 independent directors
- Propose ESG strategies and policy directions
- Monitor ESG performance

Note: [1] Calculating accident rates only for partner company with purchase amounts more than 50%
[2] Improvement rate of hazardous risk factors identified during internal Safety Walk activities

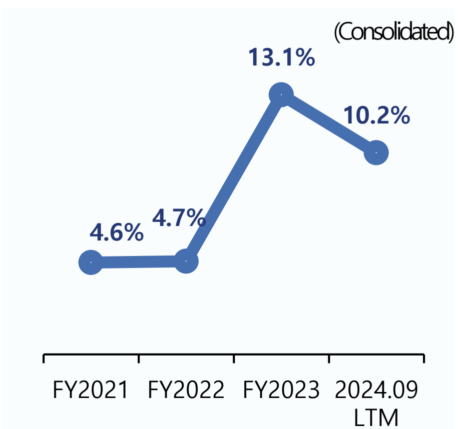
Analysis Results

Although recording consistent top-line growth and improved profitability, we are under-valued in market.

Profitability

- Increased revenue
- Revenue grew with solid profitability based on growth of global K-beauty and recovery post COVID-19

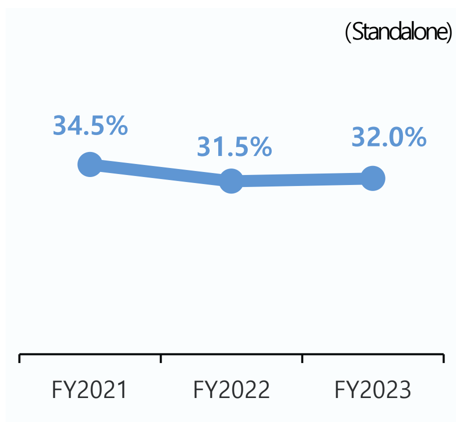
Capital profitability index - ROE



Shareholder return

- Maintained a DPR of about 30% as per the 2023 mid/long-term dividend policy
- Acquired treasury stock for 2 consecutive years

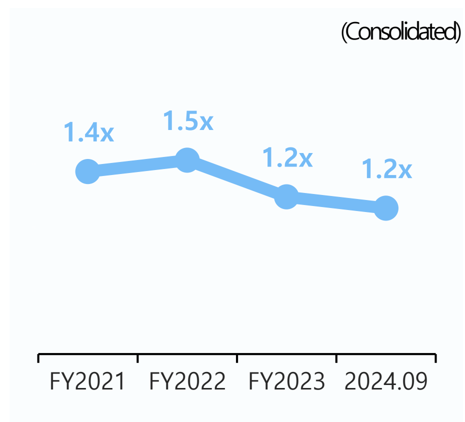
Shareholder return index – DPR[1]



Market valuation

- Undervalued in the market despite ROE exceeding the peer average and a high dividend payout ratio
- PBR stagnated at 1.2x

Market valuation index - PBR



E - Environment

- Striving to reduce non-renewable energy usage by introducing renewable energy facilities
- Energy usage decreased by 8TJ in 2023 YoY

S - Social

- Fulfilling social responsibility by gradually improving partner companies' accident rates and increasing the rate of risk factor improvements

G – Governance

- Established an ESG committee to take responsibility for social and environmental impact (2023)

Note: [1] Adjusted Dividend Payout Ratio applied for past periods

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Value-up Targets

Promote active shareholder return and improve enterprise value with strong growth potential and stable profitability

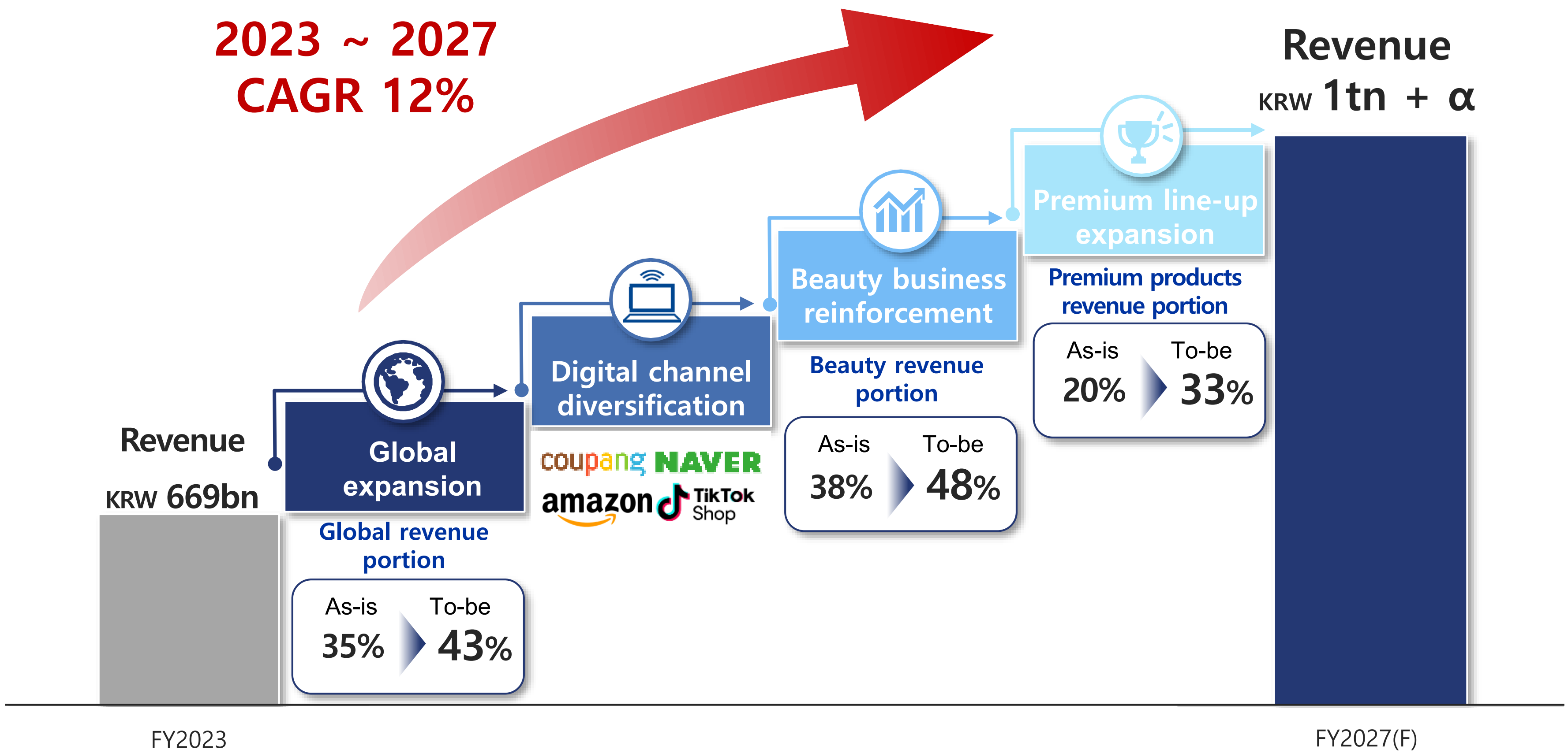
2027 Targets

High growth	Solid profitability	Shareholder return	Market valuation
Revenue	**ROE**	**DPR**	**PBR**
2027	2027	2027	2027
KRW 1tn + α	10% + α	35% + α Progressive annual expansion	1.5x
2023	Sep. 2024 LTM	2023 Mid/long-term dividend policy	As of Sep. 2024
KRW 669bn (Consolidated)	10.2% (Consolidated)	30% (Standalone)	1.2x (Consolidated)

Financial Target Achievement Plan (1/3)

Reach revenue KRW 1tn by channel diversification and strengthening business portfolio

Target achievement plan[1] overview



Note: [1] Revenue and its portions provided are based on consolidated statements

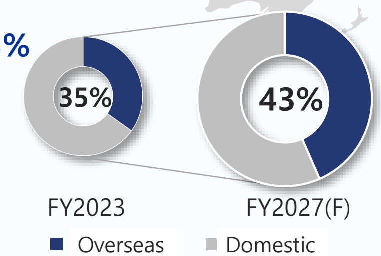
Financial Target Achievement Plan (2/3)

Global expansion by globalizing Mega Brands and entering new countries
Secure diverse distribution channels with domestic/overseas digital channels' strategies

Global expansion

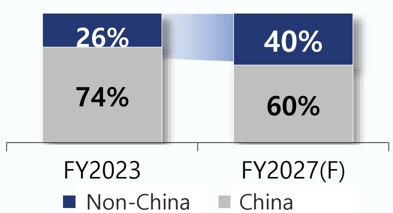
1 Increase global portion by 43%

- Expand global revenue portion by globalizing Mega Brands and global partnership



2 Secure 40% revenue portion from non-China countries

- Increase non-China revenue within overseas revenue by strengthening existing markets (Japan, America, Europe) and entering new markets



Digital channel diversification

Expand domestic digital channels

- Discover and expand new digital channels, following new consumption trends in lifestyle beauty products

MARKET Kurly
coupang NAVER kakaotalk 선물하기

Target overseas e-commerce

- Increase brand awareness and revenue by expanding global e-commerce market entries

TMALL天猫
Rakuten Qoo10 amazon

Develop digital marketing

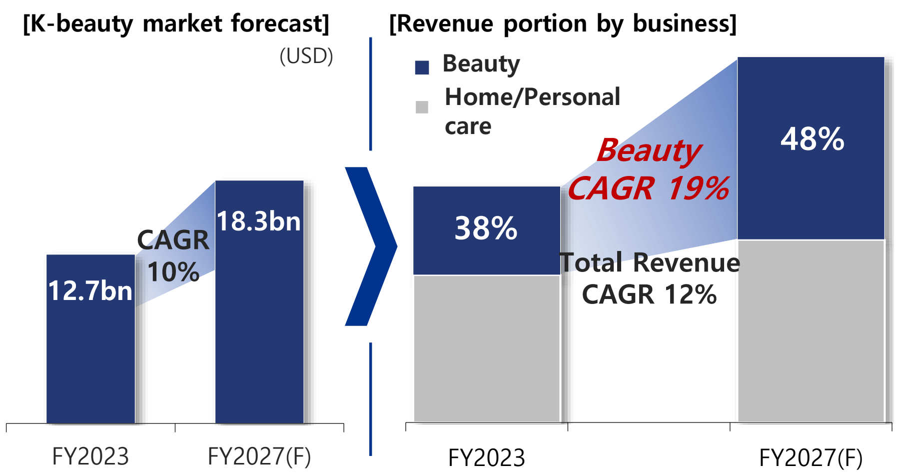
- Strengthen SNS marketing using short-form contents and increase customers' inflow

TikTok Shop Shorts

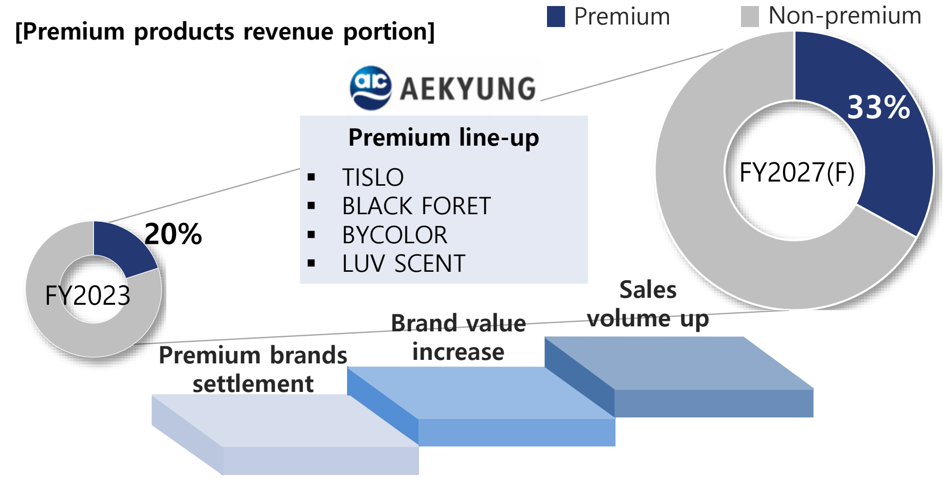
Financial Target Achievement Plan (3/3)

Secure profitability by reinforcing Beauty business and expanding premium line-up

Beauty business reinforcement



Premium line-up expansion



1 Develop product portfolio to meet diverse needs

- Launch various products from cheap to premium, vegan and small-quantity
- Expand portfolio from color cosmetics to skincare products
- Grow Mega Brands and utilize external partnerships

2 Increase revenue portion of Beauty business to 48% with K-beauty market growth

- Increase Beauty revenue portion by launching trendy products, strengthening marketing and diversifying sales channel

1 Diversify brand and product portfolio

- Diversify brand and product portfolio by introducing new premium brands and adding premium lines to existing brands, while expanding the consumer base

2 Increase revenue portion of premium line to 33%

- Contribute to revenue growth with increase of brand value and improvement in product-mix

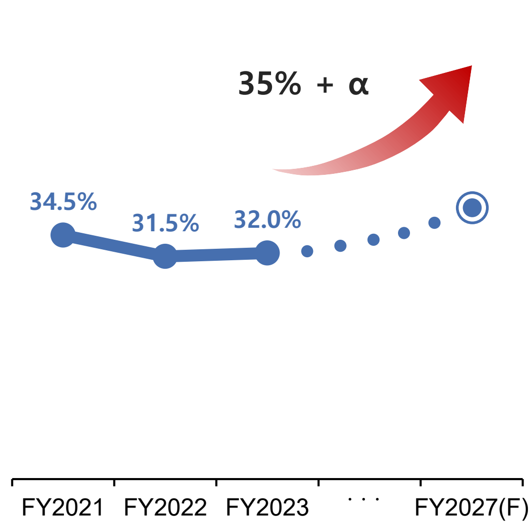
Source: Statista (K-beauty market forecast)

Shareholder Return Plan

Maximize Total Shareholder Return by dividend expansion, buyback and stock price increase

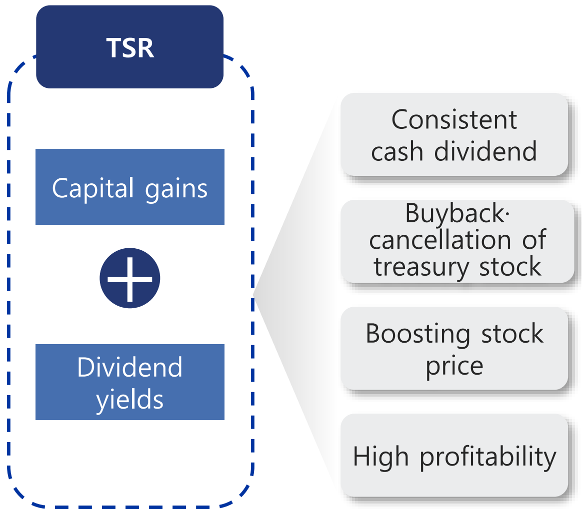
Active shareholder return[1]

Dividend Payout Ratio



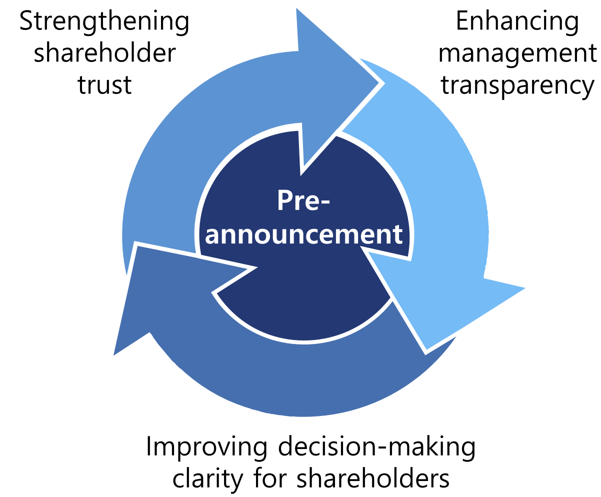
- **Implement a dividend payout ratio of 35% + α by 2027** for active share-holder return (trying to expand every year)
- Provide predictability and increase stability of shareholder return
- Continue shareholder return efforts by pursuing mid/long-term growth strategy along with dividend policy

Increase total shareholder return (TSR)



- Increase stock value by **expansion of cash dividends** and increase dividend yield by **maintaining high DPR**
- Improve capital gains by **buyback and cancellation of treasury stock**
- **Enhance TSR** by increase in capital gains and dividend yields.

Pre-announcement of dividend plan



- **Enhance shareholders' accessibility to information and improve its guidance** through timely disclosure of **dividend policy and plan**
- **Improve dividend predictability** by changing the dividend record date (amendment of the articles of incorporation completed)

Note: [1] Dividend Payout Ratio are calculated based on standalone basis and are adjusted for past periods

ESG Improvement Plan

Pursue a leading company in ESG by responding to climate change, fulfilling social responsibilities and enhancing governance transparency

Transformation with ESG challenges

ESG Categorization	E - Environment	S – Social	G – Governance
Strategic Direction	Advance the Clean Cycle Business Model through Green Transformation	Build a coexistence and sustainability management system by strengthening community communication	Strengthen trusted ESG management by upgrading BOD leadership
Targets and Action plans	• Enhance carbon neutrality roadmap • Introduce and expand renew-able energy utilization system • Implement circular economy for packaging material • Climate change response and disclosure based on global standards	• Enhance the human rights management system • Strengthen implementation of fair trade, mutual growth and health · safety • Compliance with and internal-ization of global standards for corporate social responsibility	• Strengthen compliance and responsible management • Gradual improvements to enhance corporate value

Contents

Proactive Communication

Activate communication with stakeholders in order to improve management transparency and expand information

IR activity

- Hold regular IR days
- Expand C-level IR activities to strengthen communication with shareholders
- Active communication with shareholders by quarterly IR disclosures, NDR and conference participation, and etc.

IR Reports

Company website

- Provide IR, ESG, and financial information along with disclosures
- Improve the website to enhance information accessibility

Company disclosure system

- Provide accurate information by disclosure platforms (KIND, DART)
- Increase shareholders' convenience by disclosing related information on the company website

ESG activity

- Publish ESG reports to disclose the company's ESG activities

2023 Sustainability Report

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사랑합니다
존경합니다